



SF 2362 – Greyhound Racing III (LSB 6228SV)

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Fiscal Note Version – New

Description

Senate File 2362 makes changes to greyhound dog racing in Iowa. This Bill allows the casinos (licensees) that operate pari-mutuel dog racing in Dubuque and Pottawattamie counties to phase out dog racing and to continue operating other types of gambling games. Under current law, these two establishments are required to operate dog racing as a condition for conducting other types of gambling games. This Bill provides for a live racing cessation date for the licensee in Dubuque County of October 31, 2013; and December 31, 2015, for the licensee in Pottawattamie County.

This Bill creates a Live Racing Cessation Fee for both establishments as follows:

- Dubuque Racetrack/Casino: Fees totaling \$7.0 million, payable in \$1.0 million installments over seven years beginning January 1, 2015.
- Pottawattamie Racetrack/Casino: Fees totaling \$65.0 million, payable in installments of approximately \$9.286 million over a seven-year period beginning January 1, 2016.

This Bill allows the Iowa Greyhound Association (IGA) to apply for a license to conduct pari-mutuel wagering on live dog races and simulcast horse and dog races. If the application is submitted by October 1, 2014, the Commission is required to take action by December 1, 2014. If a license is approved, the IGA is authorized to enter into a lease arrangement with the licensee in Dubuque to operate live racing and conduct pari-mutuel wagering and simulcasting at the Dubuque facility.

This Bill creates the Iowa Greyhound Pari-Mutuel Racing Fund and transfers the following revenue sources to the Fund:

- Funds remaining in the Dog Racing Promotion Fund on the cessation dates in this Bill (approximately \$17,500).
- Live Racing Cessation Fee created in this Bill (\$72.0 million over eight years).

The proceeds in the Iowa Greyhound Pari-Mutuel Racing Fund are to be distributed as follows:

- 50.0% (\$36.0 million) to IGA if the Association is licensed and conducts live dog racing as authorized by this Bill. The funds are to be used to pay costs associated with conducting live racing and pari-mutuel wagering.
- 50.0% (\$36.0 million) will be distributed by the Iowa Racing and Gaming Commission to applicable greyhound industry participants; no-kill animal adoption agencies for care and adoption of greyhounds; and to kennel owners, operators, and greyhound owners for costs incurred in removing property from the dog racetrack located in Pottawattamie County. This Bill allows the Commission to retain a portion of the funds to pay for a consultant to assist the Commission with the development of a distribution plan and to cover administrative expenses associated with administering the Fund.

Assumptions

- The pari-mutuel tax rate for live dog racing is 4.0% and is assessed on the total gross sum wagered. Of this, 3.0% is remitted to the State and deposited in the Rebuild Iowa Infrastructure Fund, and 1.0% is remitted to the cities and counties where the racetracks are located.
- The tax rate for simulcast dog racing is 2.0%. Of this, 1.0% is remitted to the State and deposited in the Rebuild Iowa Infrastructure Fund, and 1.0% is remitted to the cities and counties where the racetracks are located.
- Iowa Code section [99D.14\(3\)](#) requires all dog and horse racetracks in Iowa to pay a \$200 daily license fee to the State for each scheduled racing day including simulcast racing. The two racetracks simulcast racing 5 days a week year-round (except certain holidays). This amounts to approximately 313 days for which the racetracks pay the \$200 fee.
- This Bill reduces the number of required race days for the racetrack in Dubuque County under the operation of the IGA to 65 days in 2015 and 95 days in 2016 and subsequent years.
- Racing and simulcast activity for FY 2015 and subsequent years in Dubuque County will be similar to calendar year 2013.
- The annual total gross sum wagered in 2013 on live dog racing at the racetrack in Pottawattamie County was \$4.0 million and \$12.5 million on simulcast racing. In Dubuque County, total gross sum wagered on live racing was \$1.8 million and \$3.2 million on simulcast racing.
- The licensee of the racetrack in Pottawattamie County will discontinue live dog racing and simulcasting of horse and dog races on January 1, 2016.
- Assumes the IGA will be licensed to conduct pari-mutuel wagering on live dog races and simulcast horse and dog races at the Dubuque racetrack and begin operations in January of 2015.
- The estimates were adjusted to account for the cessation dates occurring in the middle of fiscal years 2015 and 2016 in order to show the fiscal impact on a fiscal year basis.

Fiscal Impact

[SF 2362](#) is estimated to reduce state revenue to the Rebuild Iowa Infrastructure Fund by \$27,500 in FY 2015, \$168,000 in FY 2016, and \$322,000 in FY 2017 and subsequent years.

SF 2362			
Estimated Reduction in State Revenue			
Racetrack	FY 2015	FY 2016	FY 2017
Pottawattamie			
Pari-Mutuel Tax	\$ 0	\$ -122,000	\$ -244,000
Daily License Fee	0	\$ -31,000	\$ -63,000
SubTotal	0	-153,000	-307,000
Dubuque			
Pari-Mutuel Tax	-27,500	-15,000	-15,000
SubTotal	-27,500	-15,000	-15,000
Total	\$ -27,500	\$ -168,000	\$ -322,000

This Bill is estimated to reduce pari-mutuel tax revenue by the amounts list below for Dubuque and Pottawattamie counties and the respective cities where the racetracks are located.

SF 2362 Estimated Reduction in Local Revenue			
Counties	FY 2015	FY 2016	FY 2017
Pottawattamie	\$ 0	\$ -82,000	\$ -164,000
Dubuque	-9,200	-5,000	-5,000
Total	<u>\$ -9,200</u>	<u>\$ -87,000</u>	<u>\$ -169,000</u>

The Iowa Greyhound Pari-Mutuel Racing Fund will receive an estimated \$72.0 million from the live racing cessation fee over an eight-year period (2015 to 2022) from the racetrack casinos licensed in Dubuque and Pottawattamie counties. Fifty percent of the money will be distributed to the IGA for conducting pari-mutuel wagering on live dog races and simulcast horse and dog races. The remaining 50.0% will be distributed by the Racing and Gaming Commission to various greyhound industry participants and no-kill animal adoption agencies.

Sources

Iowa Racing and Gaming Commission
Legislative Services Agency

/s/ Holly M. Lyons

April 25, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
